

FILED

2016 FEB -5 AM 10:38

U.S. DISTRICT COURT
NORTHERN DISTRICT OF OHIO
CLEVELAND

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF OHIO
EASTERN DIVISION

UNITED STATES OF AMERICA,

Plaintiff,

v.

EDGARDO MORALES,
PAULA MORALES,

Defendants.

CASE NO.: 1:16 CR 0040

JUDGE: JUDGE ADAMS

INFORMATION

Title 26, United States Code Section 7201,
Title 18, United States Code, Section 2

The United States Attorney charges:

Count 1

(Attempt to Evade or Defeat Tax: 26 U.S.C. § 7201)

General Allegations

1. During all times relevant to this Information, Defendants, EDGARDO MORALES and PAULA MORALES, were married to each other and resided in Mentor, Ohio.
2. In 2008, EDGARDO MORALES and PAULA MORALES purchased Hokavars, Inc., dba The 800 Club, a bar and entertainment business located in Cleveland, Ohio. From in or around 2008 through in or around 2012, EDGARDO MORALES managed the day-to-day

operations of the 800 Club and tracked business expenses. PAULA MORALES maintained records of business income and expenses.

3. Defendants retained a Certified Public Accountant (CPA) to prepare a corporation tax return, IRS Form 1120, for Hokavars.

4. From 2010-2012, Hokavars earned revenue primarily from cover charges from customers, bar receipts, and fees collected from performers who appeared at The 800 Club.

5. Defendants provided the CPA with false information regarding Hokavars' actual revenue. Instead of accurate information, Defendants only reported approximately one-half of the cover charges from customers and bar receipts. Defendants also failed to provide the CPA with any information regarding the revenue from fees collected from performers.

6. Based on information from Defendants, the CPA prepared tax returns for Hokavars that were false. The corporation tax returns materially under-reported the corporation's gross receipts, total income, and taxes due and owing.

Statutory Charge


7. On or about the dates listed below, in the Northern District of Ohio, Eastern Division, EDGARDO MORALES, Defendant herein, aided and abetted by PAULA MORALES, Defendant herein, did willfully attempt to evade and defeat a large part of the income tax due and owing by Hokavars, Inc., to the United States of America for the calendar years listed below, by preparing and causing to be prepared, and by signing and causing to be signed, for each calendar year, a false and fraudulent U.S. Corporation Income Tax Return, Form 1120, on behalf of Hokavars, Inc., which was filed with the Internal Revenue Service, which said return reported amounts of Hokavars, Inc.'s gross receipts and taxes due and owing thereon which Defendants, at the time the return was prepared, signed, and filed, then and there well knew and believed

were substantially less than the actual gross receipts and taxes due and owing thereon for that year, as set forth below:

Date	Year	Reported Gross Receipts	Actual Gross Receipts	Reported Total Tax Due	Actual Taxes Owing
11/18/2011	2010	\$124,274	\$308,713	\$0	\$55,181
10/15/2012	2011	\$155,252	\$376,699	\$0	\$70,636
9/12/2013	2012	\$309,308	\$381,003	\$55,799	\$84,027

All in violation of Title 26, United States Code, Section 7201 and Title 18, United States Code, Section 2.

STEVEN M. DETTELBACH
United States Attorney

By: 
ANN C. ROWLAND
Deputy Criminal Division Chief